

Message Text

CONFIDENTIAL

PAGE 01 MEXICO 04702 01 OF 03 062322Z

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 TRSE-00 COME-00 EB-08 LAB-04 SIL-01

CU-02 OMB-01 /084 W

-----070107Z 091566 /72-62

R 062255Z APR 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1368

INFO AMEMBASSY MADRID

ALL US CONS MEXICO BY POUCH

C O N F I D E N T I A L SECTION 01 OF 03 MEXICO 04702

E. O. 11652: GDS

TAGS: PINT, MX, PFOR, EGEN

SUBJECT: POLITICAL HIGHLIGHTS: FEBRUARY-MARCH

REF: MEXICO 1414

1. SUMMARY: FEBRUARY AND MARCH WERE SIGNIFICANT POLITICALLY FOR BEING, ON THE WHOLE, POLITICALLY QUIET. SETTLEMENT OF AN INCIPIENT STRIKE AT A GOM OWNED STEEL PLANT KEPT INTACT THE WAGE RESTRAINT POLICY ON WHICH THE GOM IS COUNTING TO HELP CONTROL INFLATION. THE GOM DEFUSED A POLITICAL CRISIS IN THE HINTERLAND AFTER THE INEPTITUDE OF THE STATE POLITICAL LEADERSHIP LET THE SITUATION DEGENERATE INTO VIOLENCE. TWO LEFTIST UNIONS AT THE NATIONAL UNIVERSITY MERGED AND THREATENED A STRIKE, BUT WE SUSPECT A SOLUTION WILL BE WORKED OUT. IN MOFE POLITICS AS USUAL, THE OPPOSITION LEFT WAS TALKING ABOUT UNITING, THE PRI (RULING PARTY) ABOUT INTERNAL REFORM (YAWN).

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 04702 01 OF 03 062322Z

IN KEEPING WITH ITS LOW KEY STYLE, THE LOPEZ PORTILLO ADMINISTRATION AT THE END OF ITS FIRST ONE HUNDRED DAYS CLAIMED ONLY THAT IT "HAD ORGANIZED ITSELF TO ORGANIZE THE COUNTRY", THAT IS, THAT IT HAD COMPLETED ITS ADMINISTRATIVE REFORM. JLP CONTINUED TO BETTER RELATIONS WITH THE PRIVATE SECTOR, A BANKERS' CONVENTION AND A CONFERENCE OF INDUSTRIALISTS IN MONTERREY PROVIDING OPPORTUNITIES FOR

MOSTLY SYMBOLIC GESTURES OF MUTUAL CONFIDENCE AND GOOD WILL. CONCRETE ECONOMIC MEASURES WERE FEW.

IN FOREIGN POLICY, LOPEZ PORTILLO'S WASHINGTON VISIT DOMINATED FEBRUARY NEWS; THE ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH THE SPANISH GOVERNMENT WAS THE MARCH LEIT MOTIF. END SUMMARY.

2. TEN PERCENT WAGE POLICY HOLDING FIRM

IN THE FIRST MAJOR TEST OF ITS POLICY TO HOLD ANNUAL WAGE INCREASES TO TEN PERCENT, THE GOM NEGOTIATED A SETTLEMENT WITH THE UNION OF ITS MAJOR STEEL MILL, ALTOS HORNOS. ALL MAJOR INTEREST GROUPS AND SECTORS OF THE POLITICAL ESTABLISHMENT, INCLUDING THE LEFT AND THE PRESS, SUPPORTED THE GOM IN EFFORTS TO MAINTAIN THE TEN PERCENT POLICY. WAGE NEGOTIATIONS IN THE AUTOMOTIVE INDUSTRY WILL PROBABLY PRESENT A GREATER CHALLENGE TO THIS POLICY. A GENERAL MOTORS STRIKE, NOW IN ITS FIFTY-FIFTH DAY, IS STALMATED REPORTEDLY BECAUSE THE GOVERNMENT WILL NOT ACCEDE TO LABOR'S INSISTENCE ON A SIXTEEN PERCENT INCREASE, A DEMAND GM MANAGEMENT IS WILLING TO GRANT.

3. OAXACA'S POLITICAL CRISIS

A YEAR OLD DISPUTE FOR CONTROL OF THE STATE UNIVERSITY OF OAXACA WHICH GRADUALLY BECAME AN ISSUE PITTING THE STATE GOVERNOR AGAINST A COALITION OF LEFTIST ELEMENTS THROUGHOUT THE STATE, CAME TO A HEAD IN FEBRUARY. AFTER LETTING THE SITUATION FESTER INTO VIOLENCE, THE CENTRAL

CONFIDENTIAL

PAGE 03 MEXICO 04702 01 OF 03 062322Z

GOVERNMENT ACTED SWIFTLY IN LATE FEBRUARY TO DEFUSE THE SITUATION, OUSTING THE GOVERNOR AND APPOINTING A POLITICALLY EXPERIENCED MILITARY MAN WHO WAS SERVING AS A FEDERAL SENATOR FROM OAXACA. THE CRISIS WAS AT LEAST TEMPORARILY RESOLVED, BUT A LINGERING ARMY PRESENCE IN THE STATE CAPITAL IS TESTIMONY TO THE RAZOR THIN MARGIN FOR POLITICAL ERROR IN THE MEXICAN HINTERLAND.

4. LEFTIST UNIVERSITY UNIONS MERGE, THREATEN STRIKE

IN MID FEBRUARY, TWO UNIONS OF NATIONAL UNIVERSITY ACADEMIC PERSONNEL AND ADMINISTRATIVE PERSONNEL ANNOUNCED A MERGER, TO BE EFFECTIVE MID-MARCH, FOR THE PURPOSE OF NEGOTIATING A SINGLE COLLECTIVE CONTRACT. THE GOM HAS MADE PUBLIC ITS VIEW THAT THE MERGER IS ILLEGAL AND THAT IT WILL NOT PERMIT A STRIKE, WHICH SETS UNION AND THE GOVERNMENT ON AN APPARENT COLLISION COURSE. BUT THE LACK OF AN ATMOSPHERE OF IMPENDING CRISIS SUGGESTS THE TWO SIDES ARE QUIETLY TALKING WHILE STILL SKIRMISHING IN THE

PRESS.

5. LEFTIST PARTIES ATTEMPT UNIFICATION

FOUR UNREGISTERED OPPOSITION PARTIES AND DISSIDENT POLITICAL MOVEMENTS HELD A NATIONAL UNIFICATION MEETING IN EARLY MARCH, WHERE THEY MANAGED TO AGREE THAT UNIFICATION WAS DESIRABLE. THE FOUR GROUPS APPEAR TO HOPE THAT TOGETHER THEY CAN MUSTER THE 65,000 SIGNATURES REQUIRED FOR REGISTRATION AS A SINGLE POLITICAL PARTY. IN THEORY THE FOUR GROUPS PROBABLY HAVE THIS MUCH STRENGTH; BUT PREVIOUS EFFORTS HAVE DISINTEGRATED OWING TO A STRUGGLE FOR POWER AMONG THE POWERLESS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MEXICO 04702 02 OF 03 062329Z

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 TRSE-00 COME-00 EB-08 LAB-04 SIL-01

CU-02 OMB-01 /084 W

-----070108Z 091659 /72-62

R 062255Z APR 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1369

INFO AMEMBASSY MADRID

ALL US CONS MEXICO BY POUCH

C O N F I D E N T I A L SECTION 02 OF 03 MEXICO 04702

6. THE PRI'S INTERNAL REFORM

THE PRI THIS WEEK EXPERIMENTED IN BAJA CALIFORNIA NORTE WITH A REFORM WHEREBY A GROUP OF ELECTORS SUPPOSEDLY ELECTED IN AN OPEN PARTY CONVENTION SELECTS MUNICIPAL ELECTORAL CANDIDATES. ALTHOUGH A FEW PRI CONTACTS LOYALLY DESCRIBE IT AS A STEP TOWARDS GREATER INTERNAL DEMOCRACY, OTHERS CANDIDLY ACKNOWLEDGE IT'S A SHAM.

7. THE FIRST ONE HUNDRED DAYS

IN CONTRAST TO ECHEVERRIA'S FRENETIC BEGINNING, LOPEZ

PORTILLO'S FIRST 100 DAYS IN OFFICE OFTEN LEFT US WONDERING WHAT THE GOVERNMENT WAS DOING (THE MEXICAN PRESS VOICED THE SAME COMPLAINT). THE GOM'S OWN VIEW OF ITS ACCOMPLISHMENTS, PUBLISHED IN AN EARLY MARCH PRESS SUPPLEMENT, WAS, LIKE THE LOPEZ PORTILLO STYLE, MODEST. THE GOVERNMENT HAD "ORGANIZED ITSELF TO ORGANIZE THE COUNTRY". THIS ALLUDED TO THE COMPLETION OF JLP'S ADMINISTRATIVE REFORM AND HIS BELIEF THAT THE GOVERNMENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 04702 02 OF 03 062329Z

STRUCTURE HE INHERITED WAS SO CHAOTIC HE COULD NOT BEGIN LONG RANGE PLANNING UNTIL THE AUGEAN STABLES WERE CLEANED.

8. PUBLIC-PRIVATE SECTOR RELATIONS

THE MEXICAN BANKERS ASSOCIATION HELD ITS ANNUAL CONVENTION IN MID-MARCH, THE PRESIDENT BEING WARMLY RECEIVED AT THE OPENING SESSION. LATER IN THE MONTH JLP VISITED MONTERREY FOR A SYMBOLIC RECONCILIATION WITH BUSINESS LEADERS IN THAT CITY. BOTH SIDES PRAISED THE OTHER AND THE BUSINESSMEN PLEDGED THEMSELVES TO INVEST 100 BILLION PESOS DURING THE SEXENIO. WHILE THE PUBLIC-PRIVATE SECTOR TENSIONS OF THE ECHEVERRIA YEARS HAVE BEEN SHARPLY REDUCED, THERE WAS SOME DISAPPOINTMENT WITH THE PAUCITY OF THE ECONOMIC MEASURES ANNOUNCED AT THE BANKERS' CONVENTION. PRIVATE INTERESTS ARE NOT INCREASING THEIR RATE OF INVESTMENT, AS BEST WE CAN DETERMINE; THEY APPEAR TO BE WAITING MORE CONCRETE ECONOMIC MEASURES BY THE GOVERNMENT.

9. U. S.-MEXICAN RELATIONS

PRESIDENT LOPEZ PORTILLO'S FEB 14-16 VISIT TO WASHINGTON WAS ACCLAIMED BY MEXICANS PUBLICLY AND PRIVATELY AS BETTERING BILATERAL RELATIONS AFTER THE TENSIONS OF THE ECHEVERRIA YEARS. WHILE THERE WERE NO SPECIFIC BILATERAL AGREEMENTS, THE VISIT SET IN MOTION PLANS FOR A NEW MECHANISM TO BRING ABOUT HIGH LEVEL CONSULTATION ON A BROAD RANGE OF ISSUES, TO WHICH BOTH PRESIDENTS PROMISED THEIR PERSONAL ATTENTION.

THE MOST IMMEDIATE OUTCOME WAS A PERCEIVED IMPROVEMENT IN MEXICO'S IMAGE IN THE U. S. DECISIONS DURING THE JLP VISIT BY THE AMERICAN AUTOMOBILE ASSOCIATION AND AMERICAN JEWISH GROUPS ONCE AGAIN TO ENCOURAGE TOURISM TO MEXICO WERE WELCOMED HERE BOTH AS SIGNS OF A POLITICAL THAW AND AS STEPS TO ARREST THE DECLINE IN TOURISM EARNINGS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 04702 02 OF 03 062329Z

SOME OF THE INITIAL GOOD WILL GENERATED BY THE JLP-CARTER MEETING HAVING WORN OFF, THE MEXICAN PRESS HAS REVERTED TO ITS USUAL CARPING AT THE U. S. HOWEVER, GOM OFFICIALS HAVE REFRAINED FROM EXPLOITING THESE ISSUES AND CONTINUE TO BE UNUSUALLY ACCESSIBLE AND COOPERATIVE.

10. MEXICAN SPANISH RECONCILIATION

THE LONG-AWAITED AND LONG-PREDICTED REESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN MEXICO AND SPAIN OCCURRED ON MARCH 28 AFTER A HUSHED-UP MEETING IN PARIS OF THE MEXICAN AND SPANISH FOREIGN MINISTERS. THE FINAL OBSTACLE TO RELATIONS HAD BEEN REMOVED A WEEK EARLIER WHEN THE SPANISH REPUBLICAN GOVERNMENT BROKE RELATIONS WITH MEXICO IN A BRIEF BUT DIGNIFIED CEREMONY. THE RENEWED RELATIONS, AFTER A 38 YEAR HIATUS, WERE WELCOMED WITH GREAT ENTHUSIASM AND EMOTION BY MEXICANS ACROSS THE POLITICAL SPECTRUM AND THE MEXICAN CAPITAL HAS BEEN BUZZING WITH RUMORS OF WHO WILL BE AMBASSADOR TO MADRID (FORMER PRESIDENT DIAZ ORDAZ JUST NAMED) AND WHEN JLP AND JUAN CARLOS WILL EXCHANGE VISITS.

WITH THE PROBLEM OF SPAIN BEHIND IT AND POSITIVE ACTION

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MEXICO 04702 03 OF 03 062330Z

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 TRSE-00 COME-00 EB-08 LAB-04 SIL-01

CU-02 OMB-01 /084 W

-----070108Z 091729 /72-62

R 062255Z APR 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1370

INFO AMEMBASSY MADRID

ALL US CONS MEXICO BY POUCH

C O N F I D E N T I A L SECTION 03 OF 03 MEXICO 04702

CHARACTERIZING RELATIONS WITH THE U. S., THE NEW MEXICAN GOVERNMENT WILL NOW HAVE TO LOOK AGAIN AT ITS BROAD RELATIONS WITH THE REST OF THE WORLD, DEVELOPED WITH GREAT FANFARE BY THE ECHEVERRIA GOVERNMENT. THOMPSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO04702
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770120-1028
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770482/aaaactsp.tel
Line Count: 283
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6f1c54a9-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 MEXICO 1414
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2882820
Secure: OPEN
Status: NATIVE
Subject: POLITICAL HIGHLIGHTS: FEBRUARY-MARCH
TAGS: PINT, PFOR, EGEN, MX
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6f1c54a9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009